

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI PRIORITY

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: SECTION 301 PETITION FILED BY CHARLES REHFELDT,
LAI FU TRADING CO., LTD.

REF: TAIPEI 414

1. EMBASSY IS REQUESTED TO APPROACH MINISTER Y.S. SUN,
DIRECTOR OF BOARD OF FOREIGN TRADE Y.T. WONG, AND OTHER
APPROPRIATE ROC KEY OFFICIALS, RE SUBJECT CASE. ROC
OFFICIALS SHOULD BE REMINDED THAT THIS PROBLEM IS NOW
MORE THAN A YEAR OLD; THAT BEFORE THE MAY 18, 1976
HEARINGS, THE ROC REQUESTED THAT THE RECORD SHOW THAT THE
ROC WAS MOVING TO REDUCE THE SUBJECT DUTIES; THAT WHILE
WE WELCOME THE ROLLBACKS IN DUTIES ACHIEVED TO DATE, THE
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HEART OF THE ISSUE -- THE 33 PERCENT DUTY LEVEL ON
COLOR TV AND FREEZER CHESTS -- IS STILL NOT ADDRESSED;
AND, DESPITE NUMEROUS INDICATIONS TO U.S. OFFICIALS
OF ACTION AT AN EARLIER DATE ON THESE KEY ITEMS, REFTEL
CONVERSATION WITH WONG INDICATES THAT ACTION DATE HAS
SLIPPED TO MID-YEAR 1977. CLEARLY CIRCUMSTANCES CALL FOR
EARLY AND MEANINGFUL ACTION. EMBASSY IS REQUESTED TO

PROVIDE FULL REPORT ON CONVERSATIONS.

2. THE EMBASSY MAY BE INTERESTED IN THE FOLLOWING

STATEMENT THAT CONGRESSMAN CHARLES VANIK, CHAIRMAN OF THE IMPORTANT TRADE SUBCOMMITTEE OF THE HOUSE WAYS AND MEANS COMMITTEE INSERTED IN THE CONGRESSIONAL RECORD FOR MARCH 10. WE ASSUME ROC EMBASSY WASHINGTON HAS INFORMED ROC OF THIS TEXT. BEGIN TEXT:

MR. SPEAKER, AS CHAIRMAN OF THE WAYS AND MEANS TRADE SUBCOMMITTEE, I THINK IT TIME TO ADDRESS OUR CONCERN TO THE REPUBLIC OF CHINA OVER AN UNFAIR TRADE PRACTICE WHICH HAS GONE ON FOR TOO LONG TO THE DETRIMENT OF U.S. TRADE INTERESTS.

IN MARCH OF LAST YEAR, AN AMERICAN CITIZEN, MR. CHARLES REHFELDT, WHO IMPORTS AMERICAN-MADE HOME APPLIANCES INTO THE REPUBLIC OF CHINA-ROC, PETITIONED THE OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS UNDER SECTION 301 OF THE TRADE ACT, ALLEGING UNFAIR TRADE PRACTICES BY THE ROC IN THE FORM OF CONFISCATORY TARIFF LEVELS ON IMPORTS OF HOME APPLIANCES. MR. REHFELDT, TRADING UNDER THE NAME, LAI FU TRADING CO., LTD., HAD BUILT UP A SMALL TRADE IN AMERICAN-BUILT TELEVISION SETS AND REFRIGERATOR-FREEZERS, CATERING TO THOSE TAWIANESE WHO COULD AFFORD THE LARGER U.S. PRODUCT. AT NO TIME WAS THE ACTUAL OR POTENTIAL SALE OF THESE U.S.-MADE HOME APPLIANCES EVER LIKELY TO BE A THREAT TO THE REPUBLIC LIMITED OFFICIAL USE

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OF CHINA PRODUCED PRODUCT.

A FEW YEARS AGO, THE ROC WAS ENCOUNTERING BALANCE OF PAYMENTS PROBLEMS. TO COPE WITH THIS PROBLEM DUTIES WERE RAISED ON IMPORTS OF HOME APPLIANCES TO DISCOURAGE FURTHER IMPORTS. THE BALANCE-OF-PAYMENT PROBLEMS HAVE LONG SINCE PASSED, BUT CERTAIN KEY DUTIES, SUCH AS THOSE ON COLOR TV SETS AND REFRIGERATORS, STILL HAVE NOT BEEN RETURNED TO THE 33-PERCENT LEVEL FROM WHICH THEY WERE ORIGINALLY RAISED.

WHEN THE OFFICE OF THE SPECIAL TRADE REPRESENTATIVE HELD HEARINGS LAST APRIL ON MR. REHFELDT'S PETITION, THE ROC EMBASSY IN WASHINGTON REQUESTED THAT THE RECORD SHOW THAT THE ROC WAS MOVING TO REDUCE THE SUBJECT DUTIES. EVER SINCE THEN THEY HAVE MADE REPEATED COMMITMENTS AS TO THE LOWERING OF THE SUBJECT DUTIES. WHILE DUTIES HAVE BEEN ROLLED BACK ON A NUMBER OF THE LESS IMPORTANT ITEMS, THEY HAVE CONTINUALLY FAILED TO TAKE THE FINAL

STEP CONCERNING THE DUTIES ON COLOR TV SETS AND REFRIGERATOR-FREEZERS, THE MAINSTAY OF THE SMALL TRADE THAT HAS BEEN BUILT UP IN TAIWAN FOR THE AMERICANDE APPLIANCE MANUFACTURERS.

THE ABOVE CASE IS SUMMARIZED IN A LETTER TO THE SPEAKER FROM THE HONORABLE FREDERICK B. DENT, SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS. THIS LETTER WHICH CONTAINS A COMPLETE REPORT COVERING THE 6 MONTHS ENDED DECEMBER 1, 1976, ON REVIEWS AND HEARINGS ARISING FROM COMPLAINTS OF UNFAIR TRADE PRACTICES BY FOREIGN GOVERNMENTS PURSUANT TO SECTION 301(D)(2) OF THE TRADE ACT OF 1974 IS INCLUDED IN WAYS AND MEANS COMMITTEE PRINT 95-9, FEBRUARY 4, 1977. THE REFERENCE FOLLOWS:

DOC. NO 301-9, CHARLES C. RENFELDT

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ON MARCH 15, 1976, A PETITION WAS RECEIVED FROM MR. CHARLES C. REHFELDT, EXECUTIVE VICE-PRESIDENT OF THE LAI FU TRADING CO., LTD., ALLEGING UNFAIR TRADE PRACTICES BY THE REPUBLIC OF CHINA, IN THE FORM OF CONFISCATORY TARIFF LEVELS ON IMPORTS OF MAJOR HOME APPLIANCES. THE PETITION WAS FILED IN THE FEDERAL REGISTER FOR APRIL 13, 1976 (41 FR 15452), AND HEARINGS WERE HELD ON MAY 18. AT THOSE HEARINGS, THE EMBASSY OF THE REPUBLIC OF CHINA REQUESTED THAT THE RECORD SHOW THAT THE GOVERNMENT WAS MOVING TO REDUCE THE SUBJECT DUTIES. MINOR CHANGES WERE MADE BY THE REPUBLIC OF CHINA ON JULY 1, 1976 AND, AT THE END OF THE REPORTING PERIOD THE U.S. WAS INFORMED THAT ADDITIONAL TARIFF RATE REDUCTIONS WERE IMMINENT. DISCUSSIONS WITH THE REPUBLIC OF CHINA ARE CONTINUING.

MR. SPEAKER, WE ARE SYMPATHETIC TO THE PROBLEMS OF DEVELOPING NATIONS GENERALLY AND TO THE PECULIAR PROBLEMS FACED BY THE ROC. BUT ONE CANNOT BE SILENT IN THE FACE OF THE REALITIES WHICH EXIST IN THIS CASE. THE ROC-BASED MANUFACTURERS ARE INUNDATING THE U.S. MARKET WITH TELEVISION SETS AND OTHER ELECTRICAL APPLIANCES. THE PLANTS IN THE ROC ARE NO LONGER INFANT INDUSTRIES. THE U.S.-MADE PRODUCT CAN ONLY COMPETE IN TAIWAN ON THE BASIS OF AN APPEAL TO THE LUXURY GOODS MARKET. AT BEST, THE UNITED STATES MIGHT HOPE TO SELL 10,000 COLOR TV SETS A YEAR IN THE ROC. CERTAINLY THE SOUGHT-FOR 33-PERCENT IMPORT DUTY PROVIDES ALL THE TARIFF PROTECTION THAT WOULD EVER BE NEEDED BY ROC PRODUCERS. THIS FAILURE OF THE ROC TO RESPOND TO OUR INTERESTS PROMPTLY IS PARTICULARLY UNSEEMLY SINCE IT COMES AT A TIME WHEN CRUCIAL DECISIONS ARE TO BE MADE BY THE

PRESIDENT ON IMPORTS OF SHOES AND TELEVISION SETS,
PRODUCTS OF CONSIDERABLE INTEREST TO TAIWANESE EXPORTERS
AND TO THE TAIWANESE ECONOMY.

IT WOULD BE DIFFICULT INDEED TO SUPPORT A LIBERAL TRADE
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POLICY IN THESE RESPECTS WHEN THE MINIMAL AND LEGITIMATE
COMPLAINT IN BEHALF OF U.S. TRADE INTERESTS REMAINS
UNSETTLED.

I WOULD HOPE THAT THIS MESSAGE WILL REGISTER ON THE
GOVERNMENT OF THE REPUBLIC OF CHINA AND THAT THEY WILL
QUICKLY MOVE TO REESTABLISH THE EQUITIES IN THIS
SITUATION. END TEXT.

VANCE

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Message Attributes

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